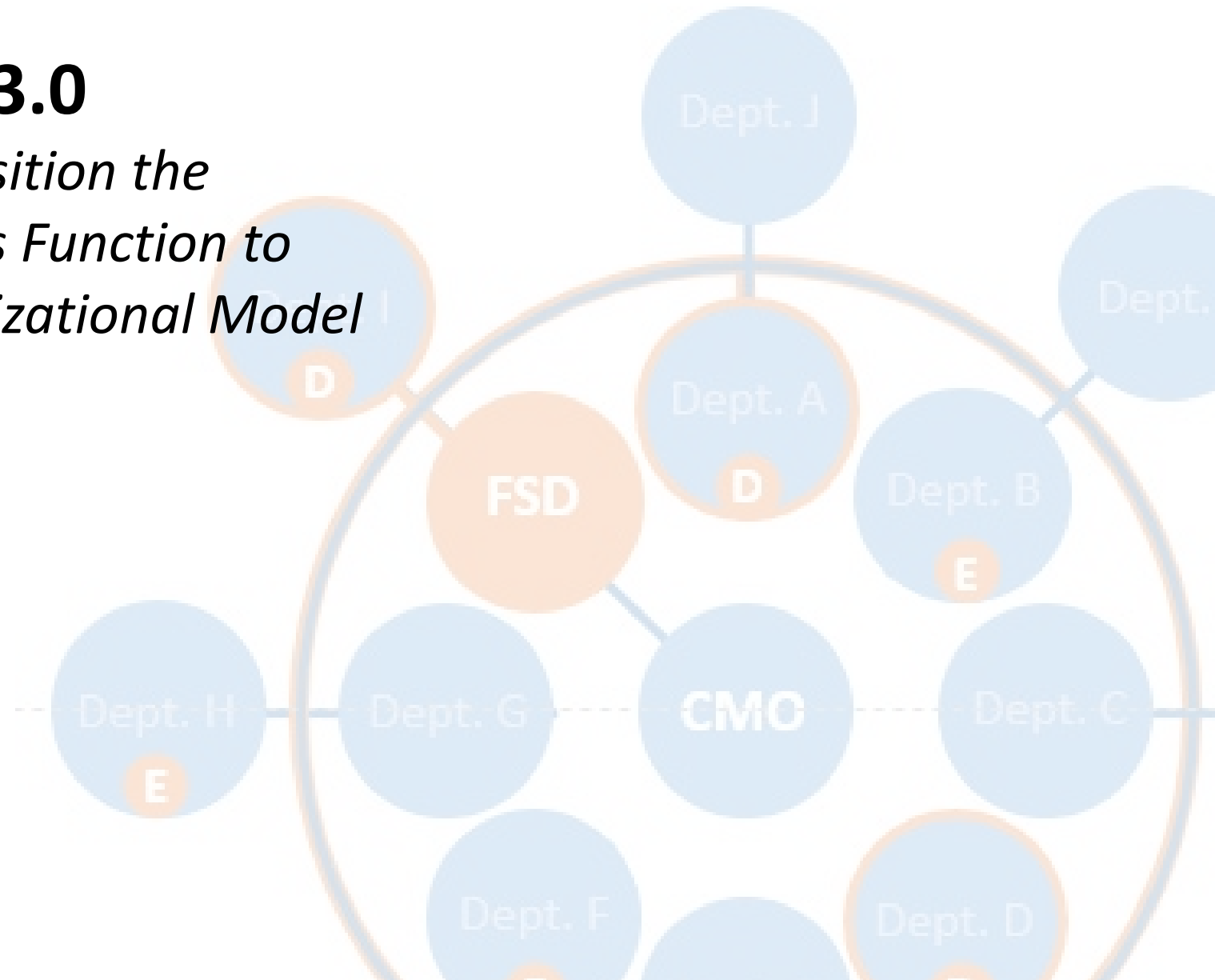


Austin Procurement 3.0

Long-Term Strategy to transition the City's Procurement Business Function to a Hybrid-Distributed Organizational Model



OVERVIEW OF AUSTIN PROCUREMENT

- FY20
- Authority and Procedure

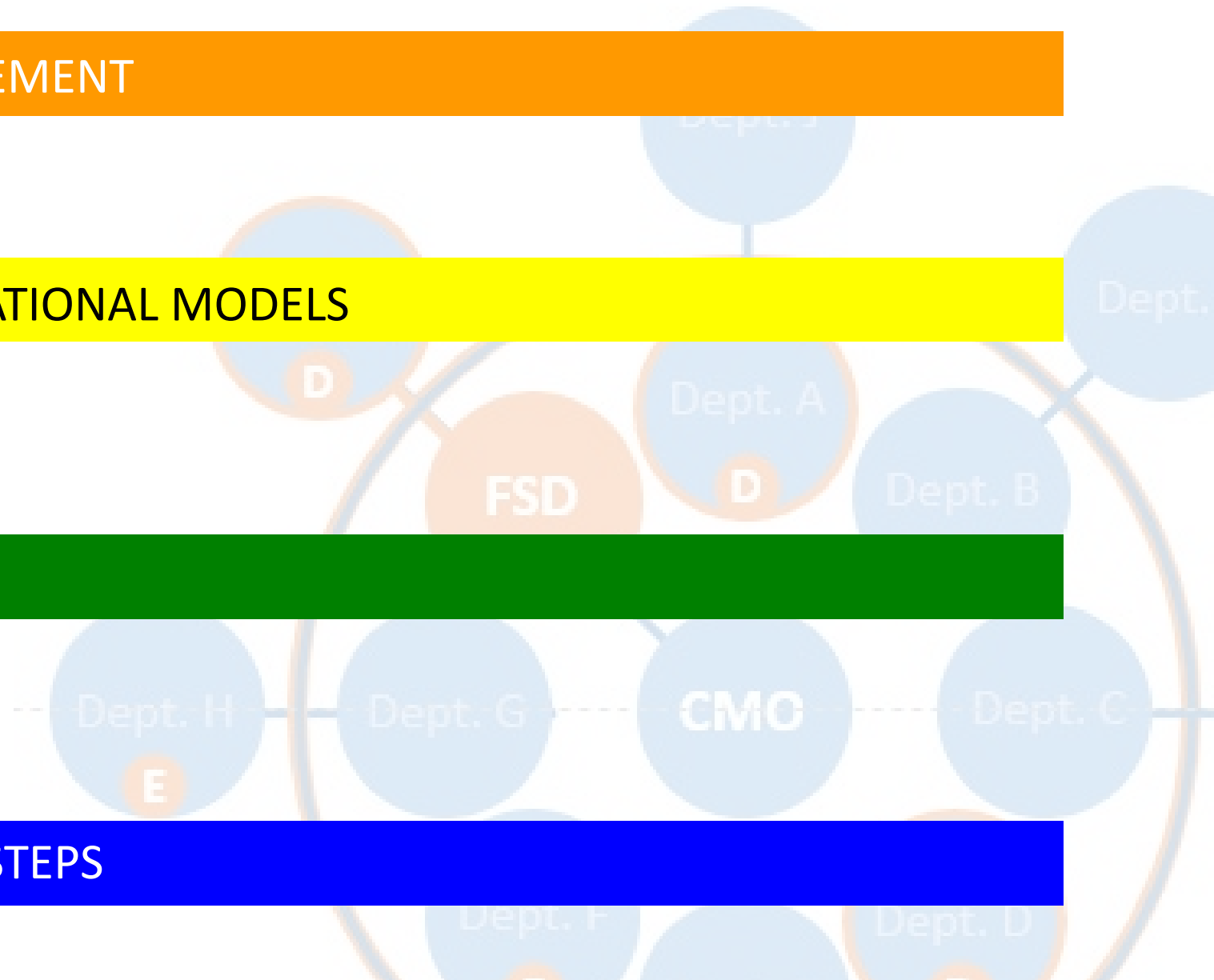
GOV. PROCUREMENT ORGANIZATIONAL MODELS

- Decentralized
- Centralized
- Hybrid-Distributed

AUSTIN PROCUREMENT 3.0

- Management
- Systems
- Organization

PROGRESS TO-DATE AND NEXT STEPS



By SPEND:

- 1.42 billion
- 80% Services (*general, construction, professional*)
- 20% Goods (*finished goods and materials*)

By VOLUME:

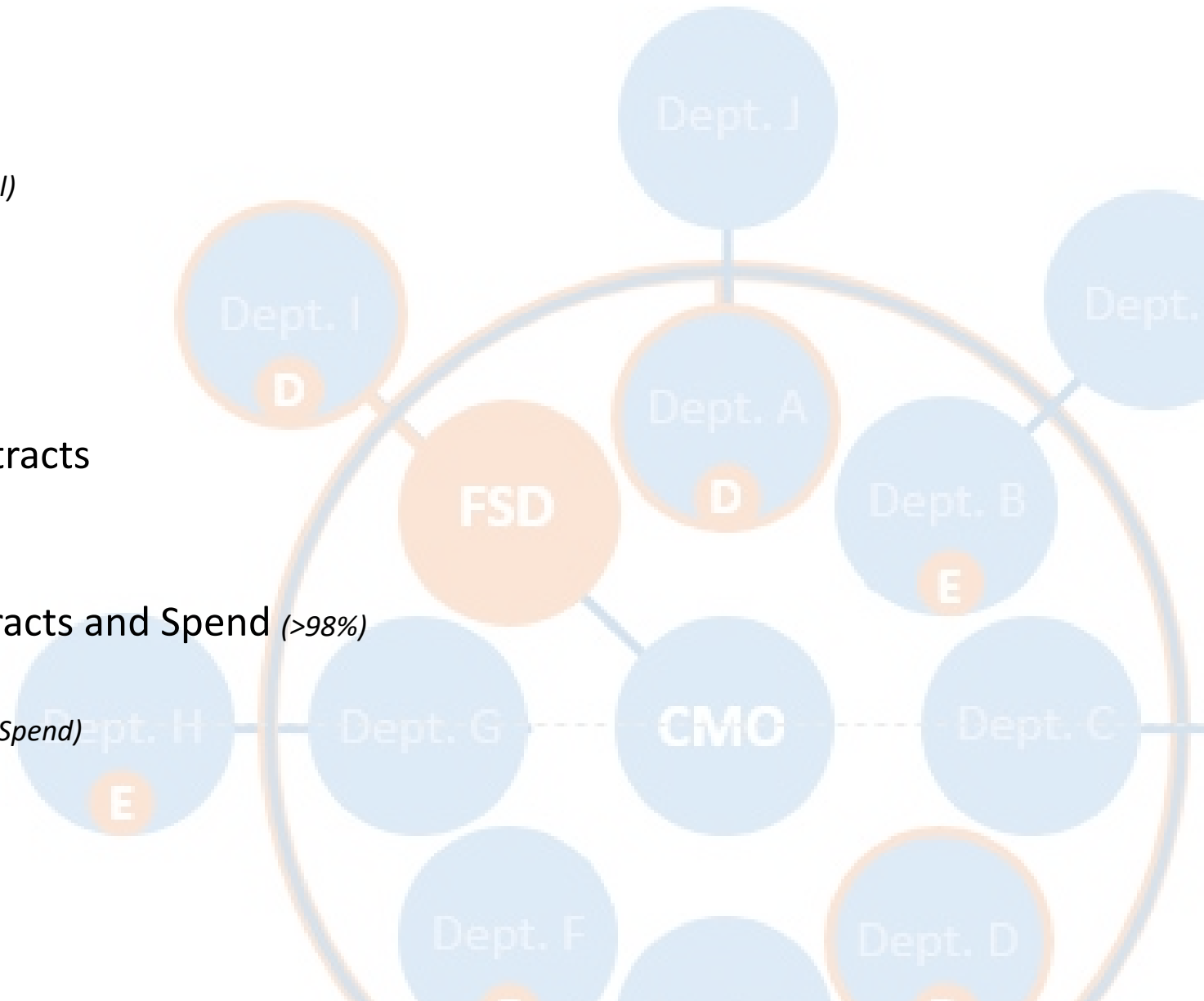
- 2,600+ multiterm contracts
- 4,000+ single project/transaction contracts

By ORGANIZATION:

- FSD administers majority of City Contracts and Spend (>98%)
- FSD Purchasing (*95% Contracts, 77% Spend*)
- FSD Capital Contracting (*5% Contracts, 23% Spend*)

By AGENDA ITEMS:

- 313/Yr. (*254 Purchasing, 84 CCO*)



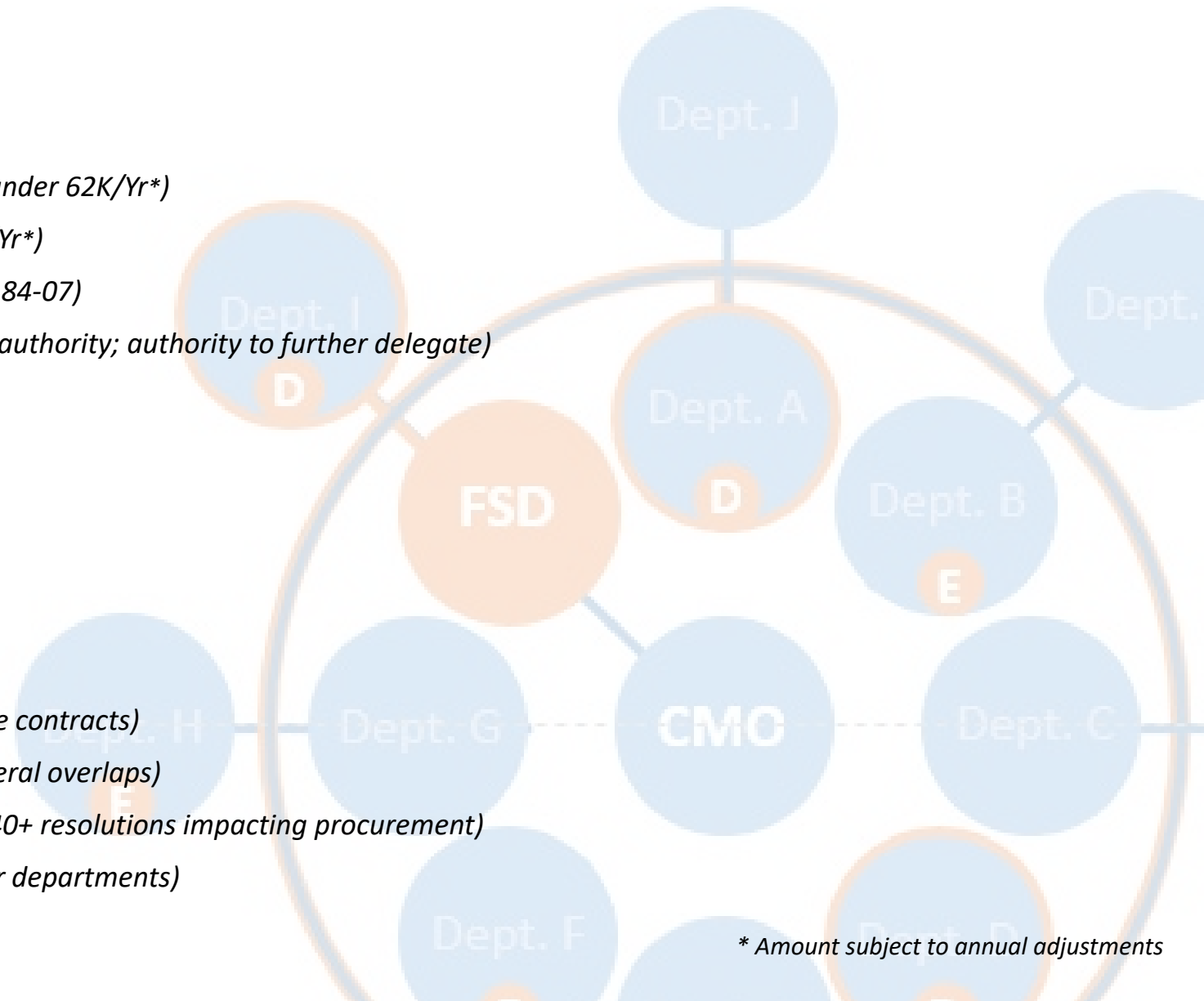
AUTHORITY

- Charter Authorizations (*Article 7*)
 - City Manager's Authority (*Contracts under 62K/Yr**)
 - Council's Authority (*Contracts over 62K/Yr**)
- City Manager Delegations (*Admin. Bulletin 84-07*)
 - Purchasing Office (*General procurement authority; authority to further delegate*)
 - CCO (*Construction procurement*)
 - Law (*Legal services*)
 - EDD (*Development Projects*)
 - APD (*Procurement using seized funds*)

PROCEDURE

- Charter (*Competition \geq \$5,000; Professional Service contracts*)
- State Procurement statutes (*Multiple, several overlaps*)
- City Code & Resolutions (*MWBE program, 40+ resolutions impacting procurement*)
- Manuals (*Mostly separate; Purchasing, CCO, Other departments*)

* Amount subject to annual adjustments

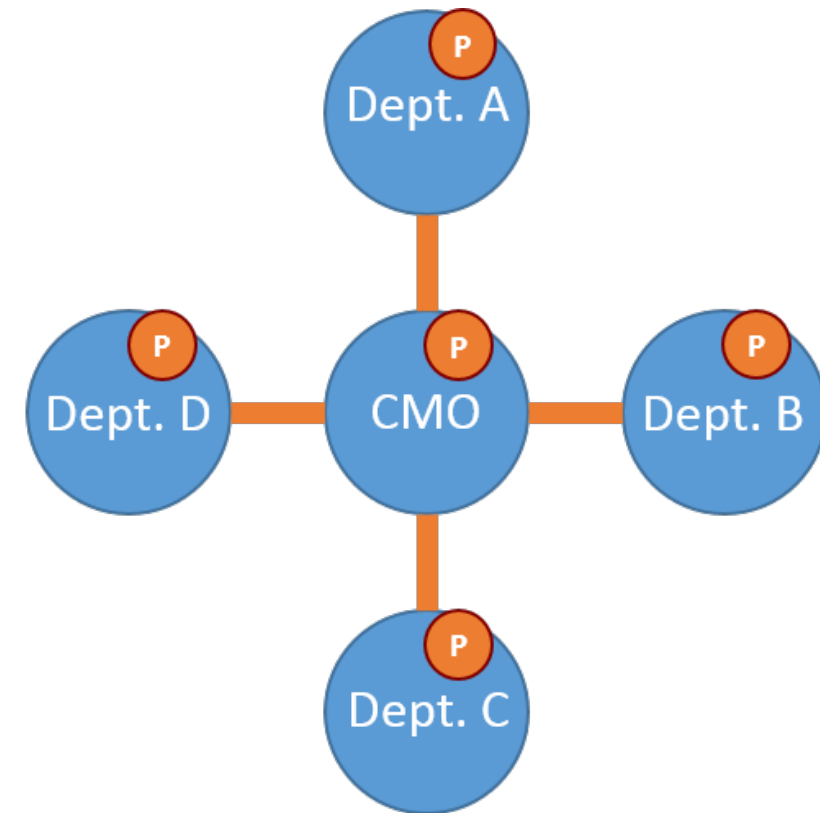


DECENTRALIZED *(1.0)*

- Smaller/Emerging organizational model
- Each organizational unit conducts own procurement services

CHARACTERISTICS

- Lower staff procurement specialization
- Lower procedural standardization
- Higher customer business integration
- Higher situational agility

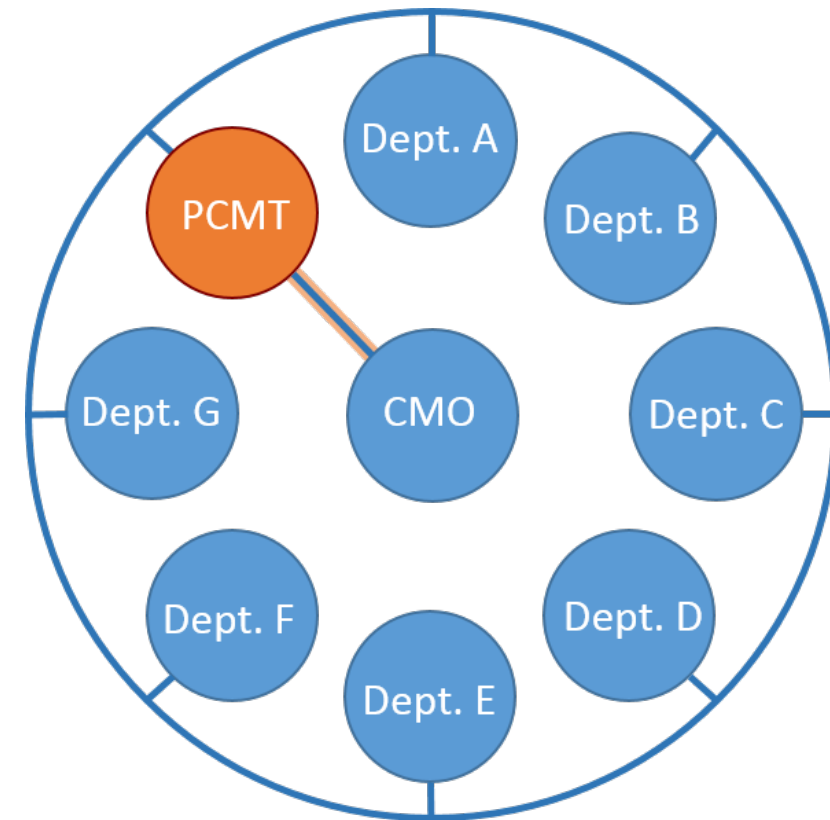


CENTRALIZED *(2.0)*

- Mid-size/Developing organizational model
- Central unit conducts procurement on behalf of the organization

CHARACTERISTICS

- Higher staff procurement specialization
- Higher procedural standardization
- Lower customer business integration
- Lower situational agility

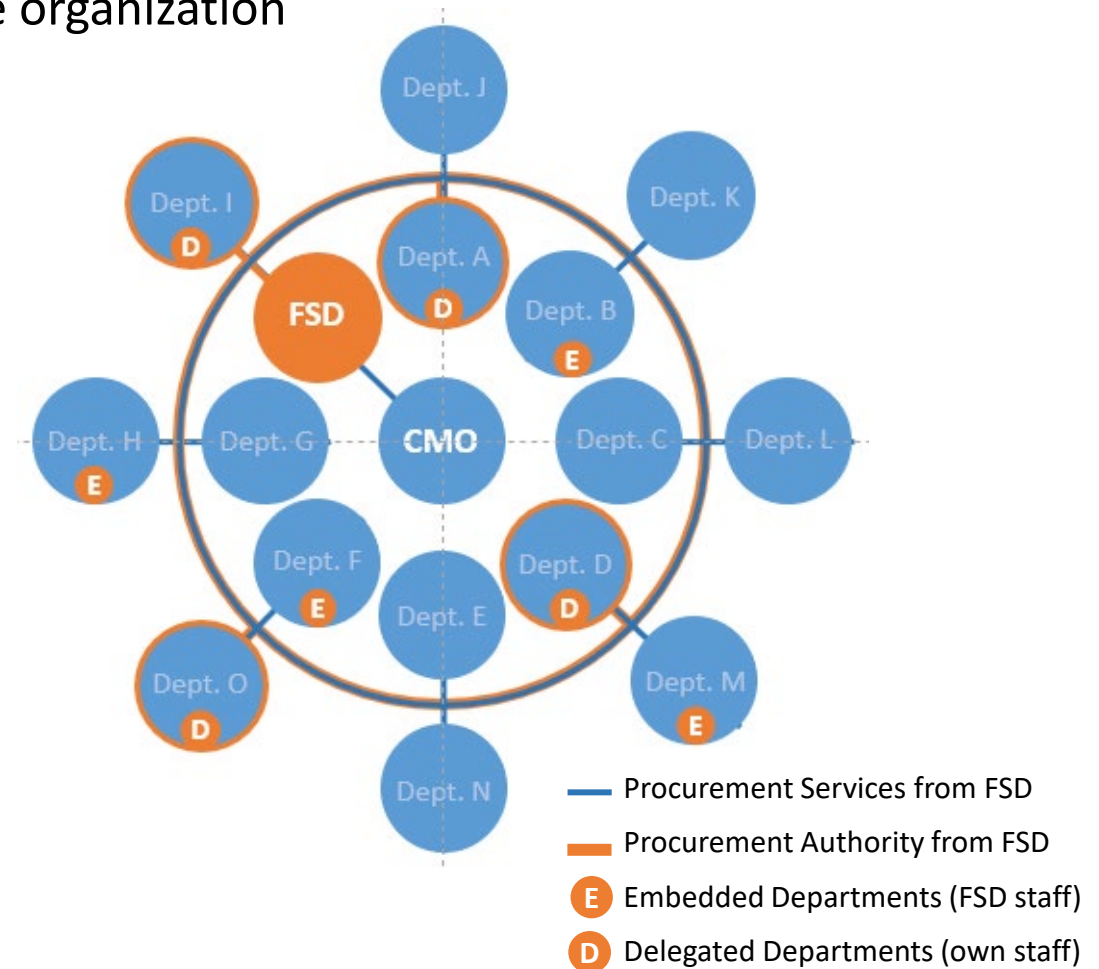


HYBRID-DISTRIBUTED (3.0)

- Large/Developed Organizational model
- Central unit provides procurement leadership for the organization
- Central unit provides limited procurement services
 - Organization-wide contracts
 - Smaller/Units that are less contract-reliant
 - Procedures, training and compliance
- Specified units provide own procurement services

CHARACTERISTICS

- Higher staff procurement specialization
- Higher procedural standardization
- Higher customer business integration
- Higher situational agility



AUSTIN PROCUREMENT 3.0 (“AP3.0”)

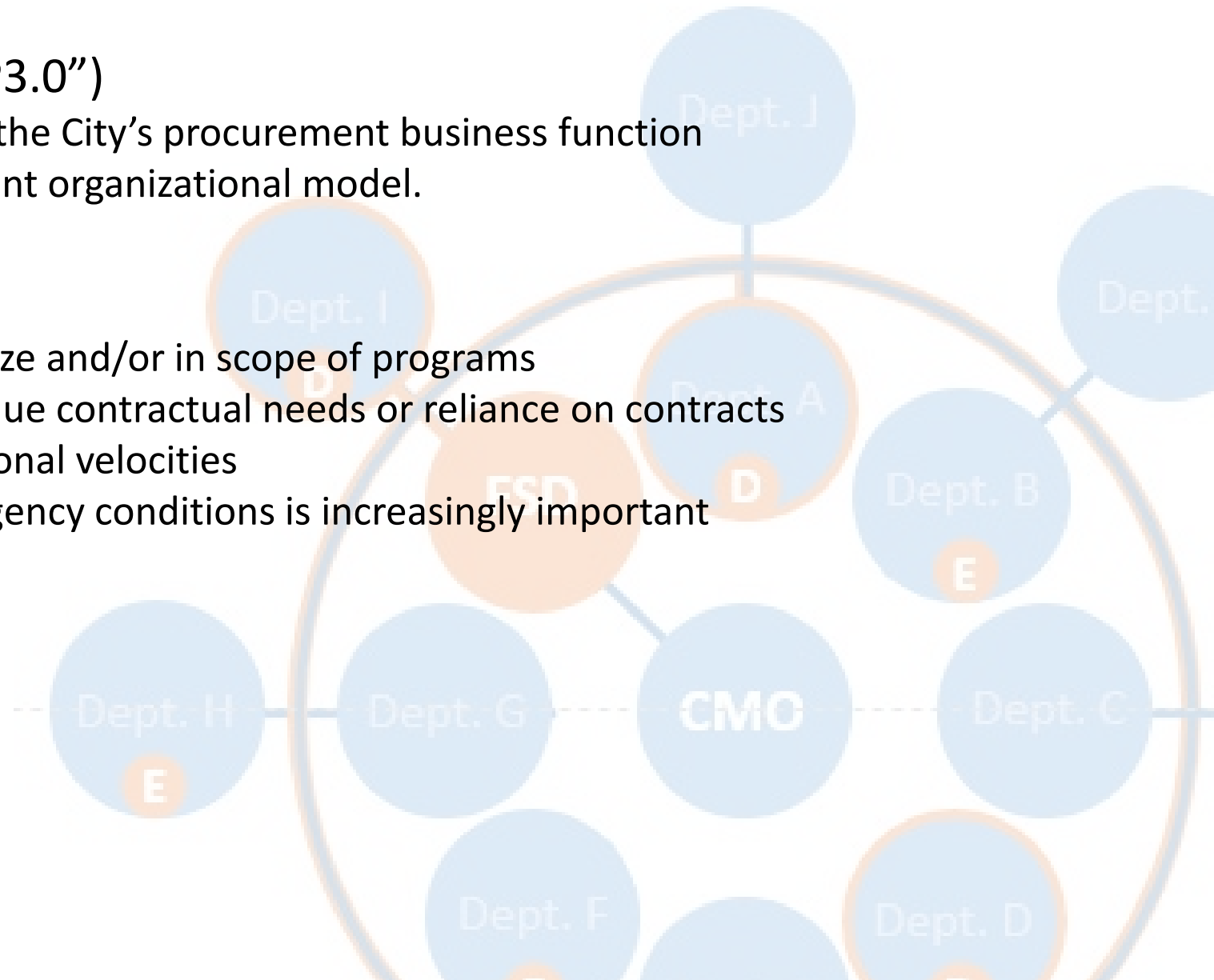
FSD’s Long-term strategy to transition the City’s procurement business function to a hybrid-distributed large government organizational model.

DRIVERS

- Departments continue to grow, in size and/or in scope of programs
- Departments have increasingly unique contractual needs or reliance on contracts
- Departments have differing operational velocities
- Agility and responsiveness to emergency conditions is increasingly important

ELEMENTS OF AP3.0

- Management *(Centralized)*
- Systems *(Centralized)*
- Organization *(Distributed)*



MANAGEMENT *(Centralized)*

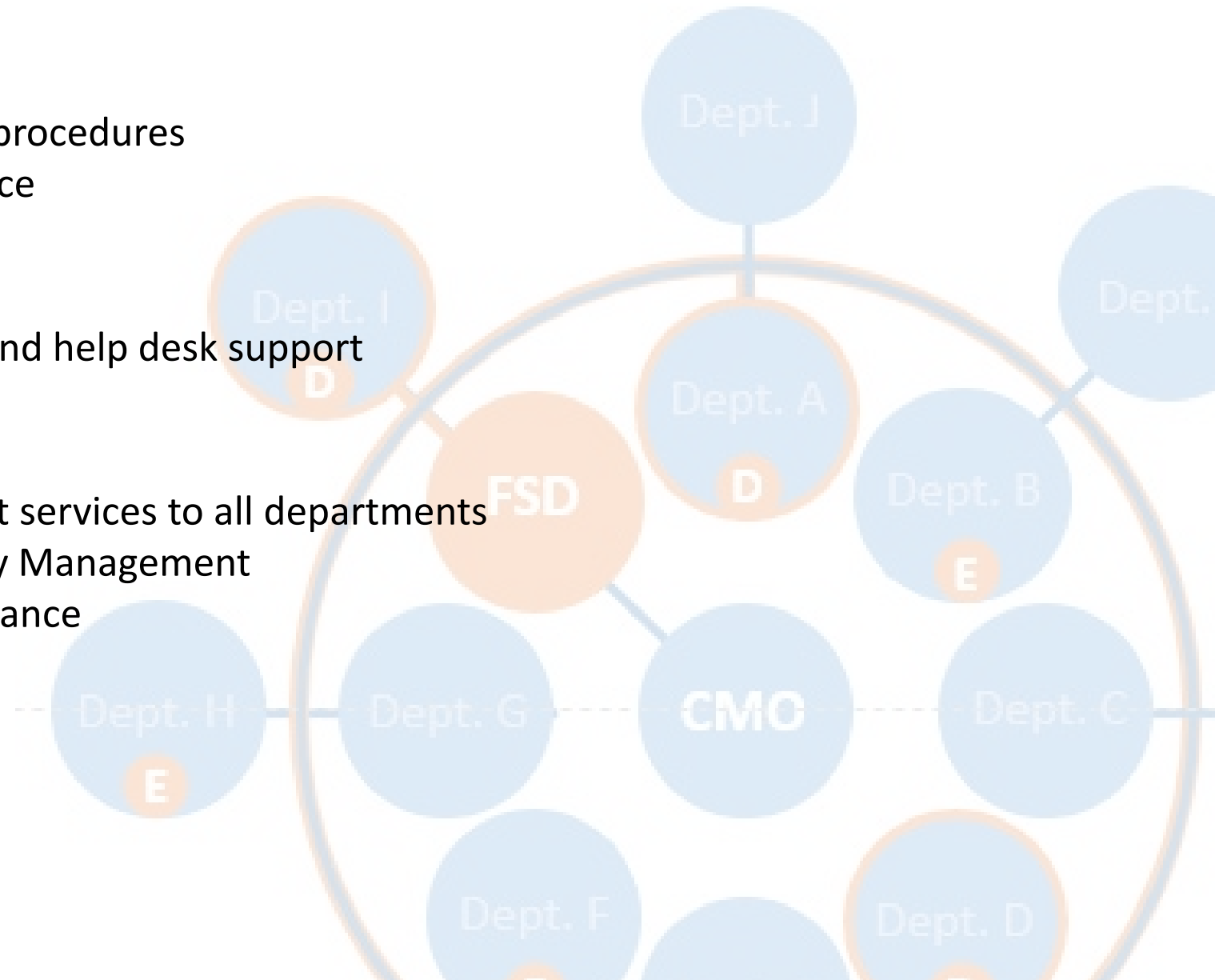
- Procurement programs, policy and procedures
- Procurement training and compliance

SYSTEMS *(Centralized)*

- Procurement systems, application and help desk support

ORGANIZATION *(Distributed)*

- FSD to provide general procurement services to all departments
 - Citywide contracts and Category Management
 - Procedures, training and compliance
- General Departments
- Embedded Departments
- Delegated Departments



GENERAL DEPARTMENTS

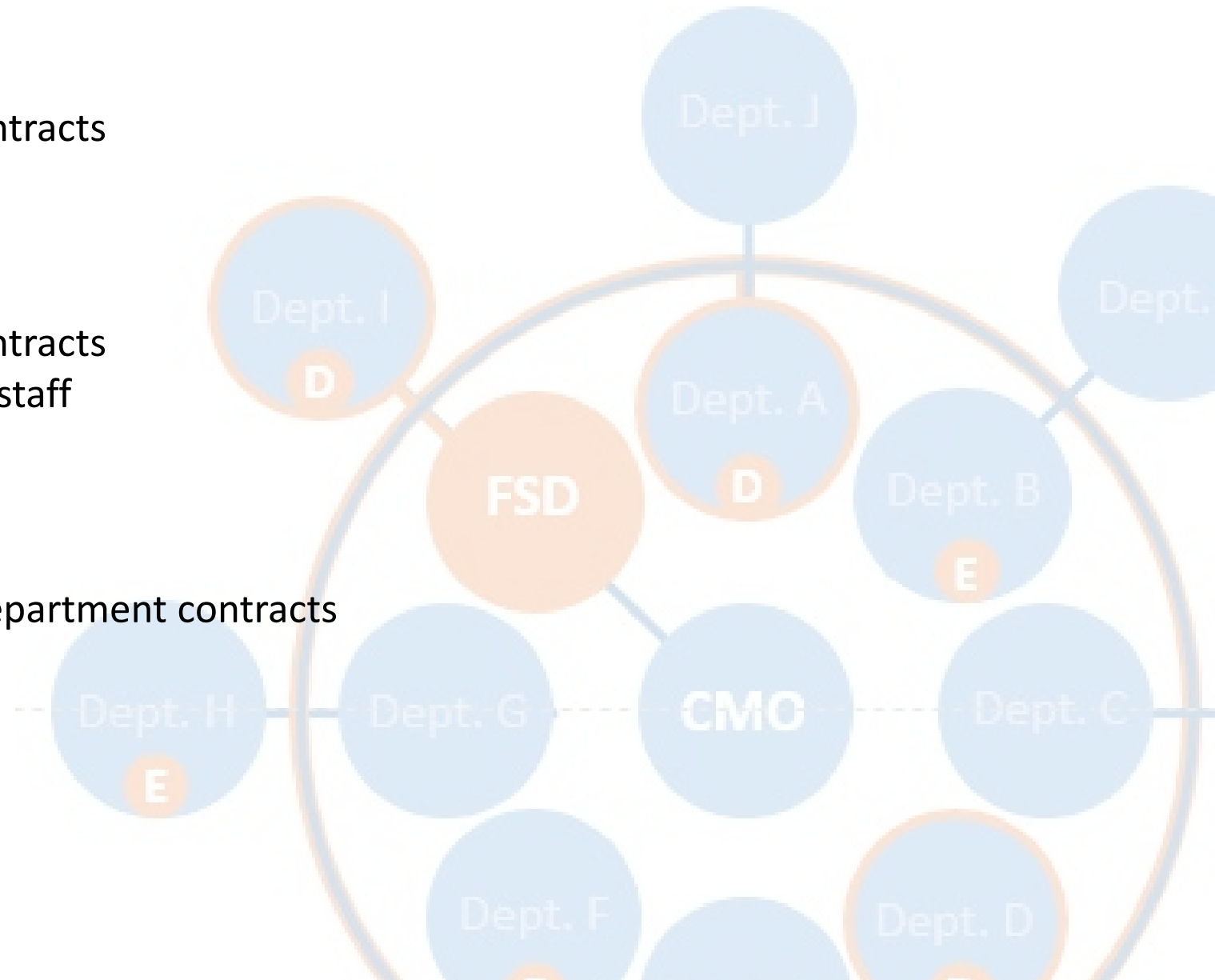
- FSD provides single-department contracts
- FSD represents RCAs

EMBEDED DEPARTMENTS

- FSD provides single-department contracts
- FSD provides department-assigned staff
- FSD represents RCAs

DELEGATED DEPARTMENTS

- Department provides own single-department contracts
- Department represent RCAs
- FSD provides compliance support



PROGRESS TO-DATE

- Realigned Purchasing Office staff to contract category assignments
- Differentiated the two (2) Deputy Procurement Officers, creating Operations and Policy roles
 - Operations DPO to oversee all procurement services
 - Policy DPO to oversee all programs, policies, procedures, training and compliance

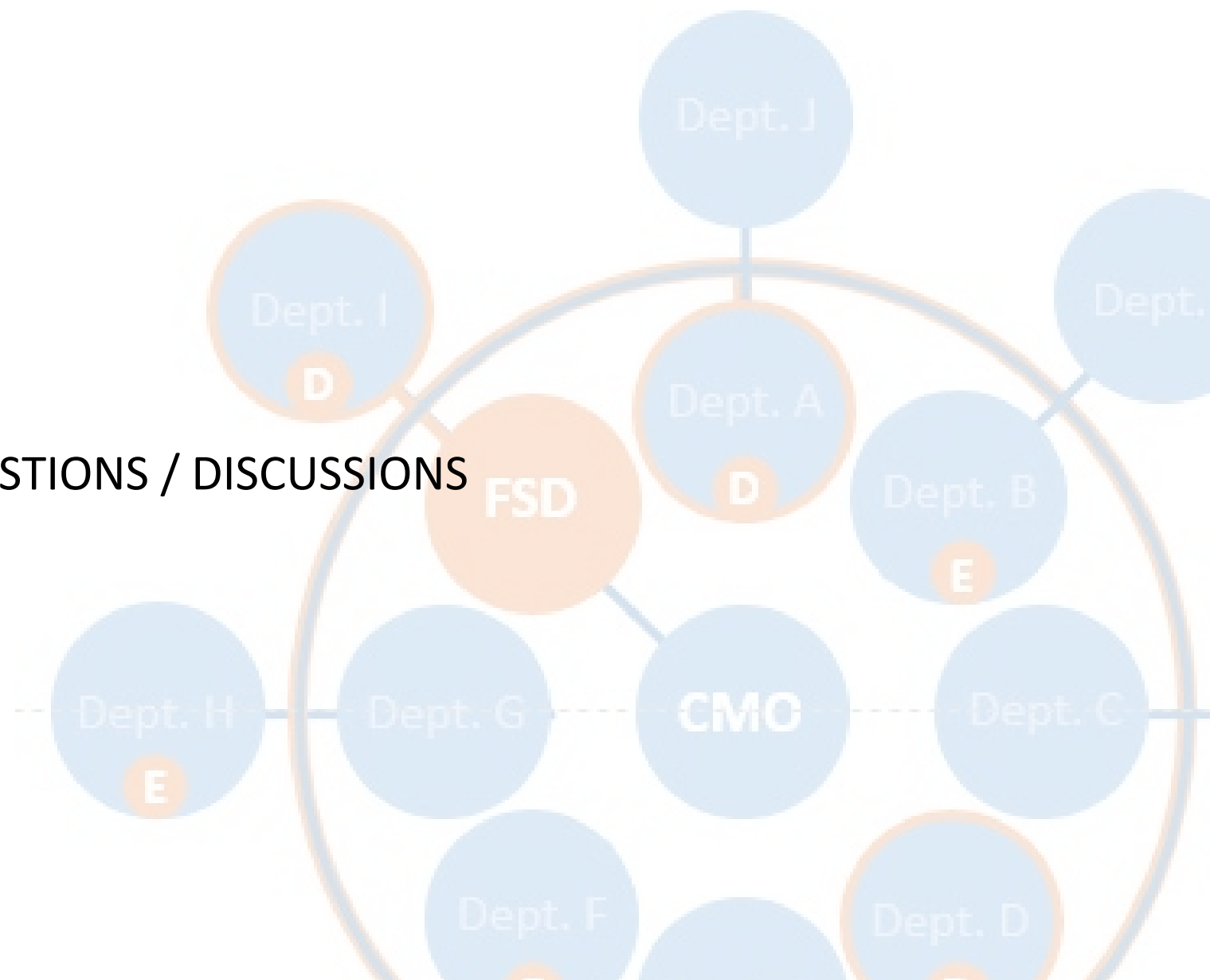
NEXT STEPS

- Procurement Manual *(Consolidate and revise; for use by all departments)*
- Procurement System *(Analyze, determine and implement consolidated system(s))*
- Procurement Training *(Expand; to include departments staff)*
- Procurement Compliance *(Expand; to include delegated departments)*
- Criteria for Embedded and Delegated *(To determine suitable departments)*
- Schedule and implement Embedded and Delegated departments



- ational model is Centralized (Mid-size/Developing)
- on to Hybrid-Distributed (Large/Developed)
- del
- agement, support and controlled growth)
- ization and policy effectiveness)
- et varying department needs)
-
- ```
graph TD; FSD((FSD)) --- DeptA((Dept. A)); FSD --- DeptB((Dept. B)); FSD --- DeptC((Dept. C)); FSD --- DeptD((Dept. D)); FSD --- DeptE((Dept. E)); FSD --- DeptF((Dept. F)); FSD --- DeptG((Dept. G)); FSD --- DeptH((Dept. H)); FSD --- DeptI((Dept. I)); FSD --- DeptJ((Dept. J)); DeptH -.- CMO((CMO)) -.- DeptG;
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## QUESTIONS / DISCUSSIONS



# Austin Procurement 3.0

*Long-Term Strategy to transition the City's Procurement Business Function to a Hybrid-Distributed Organizational Model*

